Assignment 3

The due date for submitting this assignment has passed.

As per your academic policy, you have not submitted this assignment.

1. Today is January 1, 2019. XYZ Ltd. proposes to harvest 1,000 metric tons of wheat on March 31, 2019. If the wheat is harvested on January 1, 2019, with a storage rate of 5%, the following costs are incurred:

a) Material handling cost: Rs. 500 per metric ton
b) Storage cost: Rs. 100 per metric ton per month

The proposed yield for January, February, and March is 900, 100, and 100 metric tons, respectively.

a) Calculate the total cost of storage for the month of January.

b) Calculate the total cost of storage for the month of February.

2. A stock of timber weighing 100 metric tons is stored on a warehouse on March 1st, 2019. The estimated cost of the timber is Rs. 20,000 per metric ton. The market value of the timber on March 31st, 2019, is Rs. 25,000 per metric ton. The timber is to be sold on April 1st, 2019. If the timber is sold on April 1st, 2019, the storage cost is Rs. 1,000 per metric ton per month. The average price per metric ton paid by the buyer for acquiring timber weighing less than 100 metric tons is Rs. 15,000.

a) Calculate the expected profit or loss if the timber is sold on April 1st, 2019.

b) Calculate the expected profit or loss if the timber is sold on March 31st, 2019, assuming no storage cost.

3. A 5% interest-bearing loan of Rs. 1,000,000 was taken on March 1st, 2019. The interest rate is 9% per annum. The loan is to be repaid in one lump sum on March 31st, 2020.

a) Calculate the total interest payable on the loan.

b) Calculate the total amount payable on the loan.

4. A company has a purchase order for 1,000 metric tons of a material on April 1st, 2019. The material is to be received on May 1st, 2019. If the material is received on April 1st, 2019, the cost is Rs. 50,000 per metric ton. If the material is received on May 1st, 2019, the cost is Rs. 55,000 per metric ton.

a) Calculate the total cost of the material if received on April 1st, 2019.

b) Calculate the total cost of the material if received on May 1st, 2019.

5. A company is considering the purchase of a new machinery costing Rs. 2,000,000. The machinery is expected to have a useful life of 5 years. The company’s cost of capital is 12% per annum.

a) Calculate the present value of the cost of the machinery.

b) Calculate the annual depreciation expense for the machinery.

6. A company has a purchase order for 1,000 metric tons of a material on April 1st, 2019. The material is to be received on May 1st, 2019. If the material is received on April 1st, 2019, the cost is Rs. 50,000 per metric ton. If the material is received on May 1st, 2019, the cost is Rs. 55,000 per metric ton.

a) Calculate the total cost of the material if received on April 1st, 2019.

b) Calculate the total cost of the material if received on May 1st, 2019.

7. A company has a purchase order for 1,000 metric tons of a material on April 1st, 2019. The material is to be received on May 1st, 2019. If the material is received on April 1st, 2019, the cost is Rs. 50,000 per metric ton. If the material is received on May 1st, 2019, the cost is Rs. 55,000 per metric ton.

a) Calculate the total cost of the material if received on April 1st, 2019.

b) Calculate the total cost of the material if received on May 1st, 2019.